

File Number M/031/003

Effective Date Feb 8, 2005

Other Agency File Number USFS

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECLAMATION CONTRACT**

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**RECEIVED**  
**FEB 01 2005**  
DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/031/003</u>
(Mineral Mined)	<u>Gold, Silver</u>
"MINE LOCATION":	
(Name of Mine)	<u>Deer Trail Mine</u>
(Description)	<u>5 miles south of Marysville, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>12.81</u>
(Legal Description)	<u>(Refer to Attachment A)</u>
"OPERATOR":	
(Company or Name)	<u>Unico Incorporated (Arizona)</u>
(Address)	<u>8880 Rio San Diego Drive 8th Floor</u>
	<u>San Diego, CA 92108</u>
(Phone)	<u>619-209-6124</u> <u>fax: 619-209-6125</u>

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

C. Wayne Hartle

1955 East 2700 South

Salt Lake City, Utah 84106

801-467-4922 fax: 801-796-0257

"OPERATOR'S OFFICER(S)" & TITLE:

Mark Lopez, CEO

C. Wayne Hartle, Secretary

Wayne M. Ash, President

SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Wells Fargo Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$136,100

"ESCALATION YEAR":

2009

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Unico Incorporated (Arizona) the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/031/003 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention approved/accepted by the Division on February 11, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Unico Incorporated (Arizona)  
Operator Name

By Mark Lopez  
Authorized Officer (Typed or Printed)

Chief Executive Officer  
Authorized Officer - Position

[Signature] 1/28/05  
Officer's Signature Date

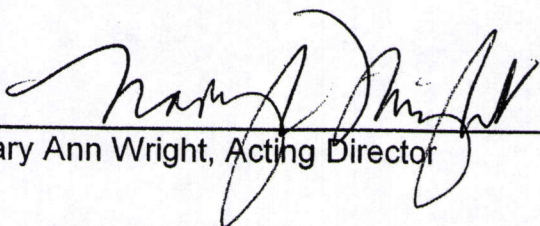
STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO ) ss:

On the 28<sup>th</sup> day of JANUARY, 2005, MARK LOPEZ  
personally appeared before me, who being by me duly sworn did say that ~~he/she~~ is the  
CEO of UNICO, INC. and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or  
a resolution of its board of directors and said MARK LOPEZ duly  
acknowledged to me that said company executed the same.

Alana Morgan Ross  
Notary Public  
Residing at 41584 Cherrybranch Ave.  
Imperial, CA 92562  
7/15/2006  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

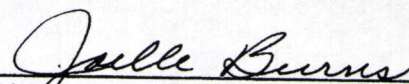
By   
Mary Ann Wright, Acting Director

Date 2/8/2005

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 8<sup>th</sup> day of February, 2005, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.



  
Notary Public  
Residing at: S LC Utah

April 4, 2005  
My Commission Expires:

## ATTACHMENT "A"

Unico Incorporated (Arizona)  
Operator

Deer Trail Mine  
Mine Name

M/031/003  
Permit Number

Piute County, Utah

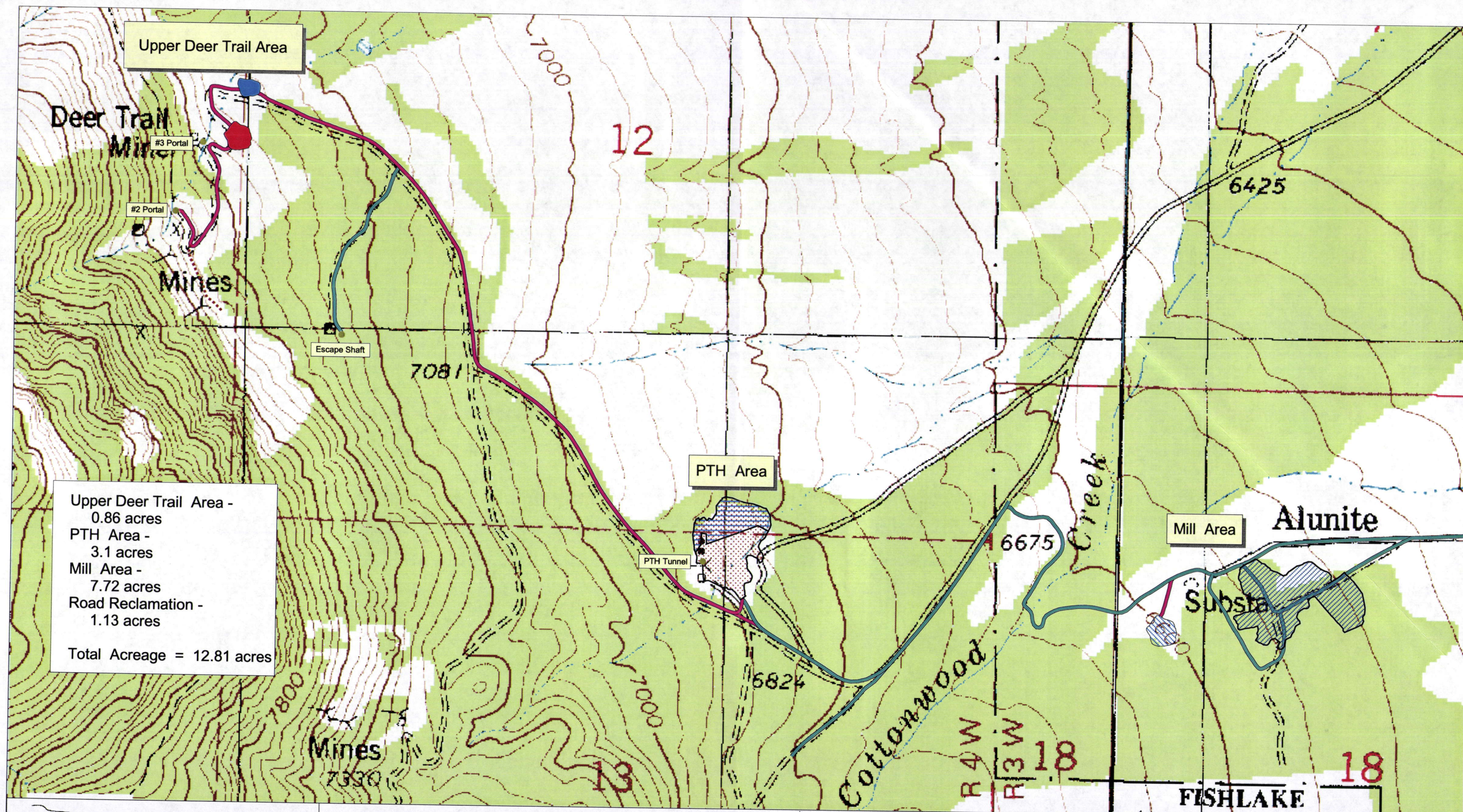
### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

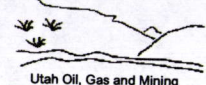
**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 12.81 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Unico - Deer Trail Mine General Mine Permit Area and dated October 18, 2004 :**

Portions of:

Sections 11, 12 and 13  
Township 28 South, Range 4 West  
and  
Section 18  
Township 28 South, Range 3 West  
SLBM



Upper Deer Trail Area -  
0.86 acres  
PTH Area -  
3.1 acres  
Mill Area -  
7.72 acres  
Road Reclamation -  
1.13 acres  
  
Total Acreage = 12.81 acres



Dept. of Natural Resources  
Division of Oil, Gas & Mining  
Mineral Mines Program

Different data sources and input scales  
may cause misalignment of data layers.  
This product may not meet survey  
standards for accuracy and content.



Mount Brigham and  
Marysville Quads

0 500 1000 1500 2000 Feet

Portions of :  
Sections 11, 12 and 13  
Twnshp 28 S, R 4 W;  
Section 18  
Twnshp 28 S, R 3 W, SLBM  
Piute County, Utah

Unico - Deer Trail Mine  
General Mine Permit Area  
M/031/003

October 18, 2004

Drafted by LK



JON M. HUNTSMAN, JR.  
Governor  
GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

MICHAEL R. STYLER  
Executive Director

MARY ANN WRIGHT  
Acting Division Director

January 21, 2005

Wells Fargo Bank  
Scripps Powell Way Parkway  
MAC E2422-011  
12030 Scripps Summit Drive, Suite A  
San Diego, California 92131

RECEIVED

FEB 01 2005

DIV OF OIL GAS & MINING

Attention: Patrick D. Della, Branch Manager

Subject: Reclamation Surety, Certificate of Deposit for Unico, Incorporated (Arizona)'s Deer Trail Mine, M/031/003, Piute County, Utah

Certificate of Deposit no. \_\_\_\_\_, Principal Amount \$136,100.

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for Unico, Incorporated (Arizona)'s Deer Trail mine site ("Mine Site"), Piute County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$136,100 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

#### Ownership and Renewal:

Ownership of the CD is retained by Unico, Incorporated (Arizona), an Arizona corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

#### Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of

the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

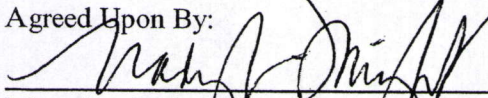
The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

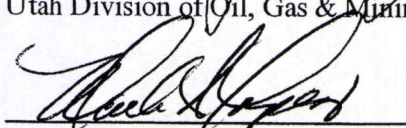
Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$136,100. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**


Agreed Upon By:

  
Mary Ann Wright, Acting Director  
Utah Division of Oil, Gas & Mining

Date: 2/9/05

  
Mark Lopez, Chief Executive Officer  
Unico, Incorporated (Arizona)  
Tax ID Number:                     

Date: 1/21/05

  
~~Patrick D. Della, Branch Manager~~ Michelle Palenzuela, Personal Banker  
Wells Fargo Bank, San Diego, California

Date: 1/21/05

Michelle Palenzuela C8719  
 858-831-0131  
 Wells Fargo Bank, N.A.  
 Scripps Poway Parkway Office

04820  
 E2422-011  
 COLD 114  
 AU 00717

WELLS FARGO BANK

# Time Account Receipt/Disclosure

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

01/21/2005

Term of Time Account

06 months days

Maturity date

Your Time Account will mature on

07/21/2005

Interest rate

1.93

Fixed rate

X

Variable rate

Annual percentage yield

1.95

Interest will be paid

EVERY 01 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT

AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

ONE HUNDRED THIRTY SIX THOUSAND ONE HUNDRED AND 0/100

\$ 136,100.00

Your name and address

UNICO INC FBO STATE OF UTAH DIVISION

OF OIL GAS & MINING

8880 RIO SAN DIEGO DRIVE, 8TH FLOOR

SAN DIEGO CA 92108

Taxpayer Identification Number (TIN)

01/21/2005 14:51

C8719 04820 Bank# 00114

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60108

CER 00167 (6-01-43236)